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## FOREWORD

By J. RUSSELL SMITH,  
Editor in charge of this volume.

Topsy soldiers sacking a town overload themselves with loot. They fairly wallow in a surplus of property, they trample it under foot. Similarly the people of the United States wallow in opportunity for comfort and riches. Yet the bread line stands, the charities are overworked at the same time that unemployment pinches millions and rots the staying qualities of our erstwhile workers.

This situation becomes the more ironic, the more belittling to man with all his boasts, when we stop to consider the possibilities in which we live. Mr. Keir (see page 1) shows that in resources we are actually several times as well off per man as the richer of our European brethren were before the war began; and resources are the stuff that wealth is made of. We have large room for increased production through the improvement of the public health and prolongation of life (see Norton, page 29). It is little trouble for the corn club boys to triple or quadruple the national average yield of corn, that king of crops; agricultural and technical education can easily double and more than double our productive ability (see True, page 51). Dr. Spillman shows how the efficiency movement (see page 65) easily doubles output on the farm with little or no increase of effort. Mr. Gilbreth, the pioneer efficiency engineer in the field of motion study, shows the easy way to a 100 per cent increase in output in vast industrial fields by merely taking thought (see page 96). The wonders of scientific management in doubling and tripling output are too well known to need rehearsing here but it is a fact that it is rarely used as yet. American industry is in parts surprisingly inefficient as secretary Redfield has recently shown. Mr. Martin (see page 77) shows how the scientific management idea is being applied with great savings and greater possibilities in that wasteful chaos we call distribution.

Altogether it is not difficult to figure up a total possibility of 300 or 400 per cent easy increase in the national production by the

general application of methods now well known and practiced by thousands. The articles on research (see Waite, page 40, and Whitney, page 86) show that this movement has but begun. Why should children work when men stand idle? Why should carpets and shoes and chairs be scarce (*i. e.* wages low, see Nearing, page 111) when we can make three times as many of them as we do?

The environmental origin of things is very familiar to the geographer, but Mr. Walsh carries it on by making a very forcible statement of the wage environment as a creator of ideas (see page 104).

Here we stand with reasonable possibilities of 300 or 400 per cent increase in national wealth but we are now not even fully using our equipment at the low efficiencies that we at present tolerate. The article by Mr. Reitzel on page 125 reveals the shocking unemployment of a normal year like 1912. We have in our midst the final lunacy of the ages—an industrial depression—unused resources, piles of raw materials lying inert, rows of fully equipped factories with their machines standing silent and idle, thousands of men and women hungry, poor, half naked, clamoring merely for the chance to work and at rates that are grossly inadequate (see Nearing, page 111). That is the stuff that changes are made of—unwise changes perhaps. To those who can read, there is a hand writing on the wall.

I am not blaming anyone for all this. As nearly as I can discern there is not very much blame to be dispensed. It has just happened. The facts are that we have made industrial changes faster than we could adjust them, we have made them so fast that civilization has an awful stomachache from undigested improvements. The alarming fact is that when a pain passes a certain point a person will take anything that is offered.

That world paralysis, the industrial depression, should, so long as it remains upon the earth, produce a sense of disgrace in every economist, every legislator and every captain of industry. What causes the depression? I confess to shame. I should be greatly humiliated if the man from the moon asked me about it.

Dr. Patterson's paper (see page 133) gives a very valuable summary of leading theories for the cause of financial depression. Our great ignorance of this subject is shown by this variance of our notions, a variance which serves forcibly to illustrate the gravity of the problem.

While this darkness continues we have little chance of final solu-

tions, but we must do something and the public employment bureau is a natural first aid (see Hodges, page 165, and Barnes, page 185) but it *makes* no jobs except for those who run it. More can be done by the development of an employer's sense of responsibility so that he looks at his workers as people whom he wants to help to a full year's work rather than to having them hang round partly unemployed, so that he can get them on demand (see Cooke, page 194). Let us hope for the early arrival of the day when no large employer of labor will find it possible to say as one said last month—

"Mr. Smith, this social uplift is the silliest thing I know." It is probably true that Mr. Pfahler's profit-sharing plan (see page 200) will do much to increase this feeling of solidarity. Vast things could result if 10,000 men of influence should become mildly obsessed with the idea that regularity of industry in the United States was worth working for and sacrificing for. If it could only become the style.

This problem, the depression with its unemployment, seems to come with increasing frequency and is a problem of such gravity that it is but natural that many, like Mr. Guggenheim of the Smelter Trust, should in dismay turn to the government for their solution (see page 209). Admittedly we have trifled with the problem this time; from the national administration down we have done little more than develop soup kitchen expertness and not enough of that. This fact makes all the more important an examination at this time of the only two claims that pretend to cope with the whole problem, the only "panaceas" in sight. On pages 148 and 157 two of the greatest enemies in all philosophy glare at each other—Mr. Hall, the individualist, who will cure it all by breaking up the land monopoly and giving individual initiative a real chance; and Mr. Spargo, the collectivist, who says that if the right to work can only be realized through the assumption of the control of industry by the state, that step will be taken. Who will say that both or which one is wrong in his prediction?

The collectivist, Mr. Spargo, further points out that production is not organized primarily for the purpose of supplying needs, but for the purpose of affording profit to investors. In this change from profit to service lies the millenial revolution that he would have.

As to how this reorganization from profit basis to service basis is

to be made, this paper, as is the case with most collectivist papers, is as bare of method as are the minutes of that famous mouse meeting where they resolved to bell the cat. But the really important point is that the collectivist does not have to furnish the method. It has been done for him. The world's greatest promoter of socialism died the other day in this city leaving the method behind him. Frederick W. Taylor, the world-famed exponent of scientific management, has done more for socialism than Karl Marx or any school of theorists. The theorists merely painted a wish. Mr. Taylor, who was anything but a socialist, showed them how to get it. He projected into men's affairs with great emphasis and convincing evidence the idea of standards. The illness of a man of national reputation prevented our having a paper on this subject, but recent happenings show the point. Last fall at the Mayors' Conference in Philadelphia, the quarrel between the champions of public ownership and of private ownership of municipal enterprises, centered upon the point of efficiency. Here is where Mr. Taylor contributed. Ten years ago the critic used to tell the man on the inside that he was inefficient. The man inside would say "you're a liar"; the man outside would say "you're another." They might perhaps have a fight, but the subject of the controversy was illumined by no display of facts. There were none worth mentioning, only *opinions*. Since the standardization idea has come, the critic announces that the electric company is inefficient *because* it uses one-half pound more coal per horse-power hour than the standards of good engineering practice permit. Since this is a matter of record all the electric company can do is to squirm, and try to show good reasons why it should be different from the standard. The significance of this change is difficult to appreciate.

Granted a half-way decent desire for efficiency in works management, it is within reach as never before and the socialist propaganda already rich in grievances is now enriched by the greatest tool ever placed in its hand for achievement.

Just as an illustration of Mr. Spargo's point about an industrial life dependent on enterprises run for service rather than for profit, I call attention to the railroad situation. I do not know what causes depressions but I do know that they are characterized by an almost complete cessation of the making of equipment. Prosperity consists of a heavy period of equipment when many producers enlarge

their capacity. We have no normal condition. Now suppose the United States government owned all the railroads and that the whole weight of governments was thrown into the problem of keeping industry going smoothly. All government equipping would be rushed in dull times and starved as far as possible in rush times. Certainly this would be a great steadier, but cannot we obtain it by other means? If not—I merely call attention to the socialist vote in the United States and Frederick W. Taylor's contribution—*standards*. I think that we have here a new call to public duty on the part of those who have power.

Collectivism may come on apace as Herbert Spencer predicted or individualism may clean house so that it will not be necessary. In either case we are faced with the necessity of making a host of readjustments if we are to adequately utilize our opportunities. When the general counsel of the Pennsylvania Railroad joins Mr. Guggenheim and the professors in demanding more government regulation of industry we may be assured that it is coming and Dr. Young (see page 212) points to a much less harassing method than we have yet had. As we tinker our machine it should never be forgot that money is the mechanism of exchange—an indispensable machine of the greatest delicacy (see Conway, page 226).

The regional relation of industry to resource in the United States is most gross and wasteful. A readjustment all along the line is demanded in the interests of economy. It would be difficult indeed to show why we should not have a series of free ports (see Howe, page 236) and modernized terminals with belt line railways and all conveniences. The business men of cities where it costs more than two dollars to switch a car anywhere in the city will be particularly interested in Mr. Barney's presentation of the terminal port (see page 245). A system of improved inland waterways (see Hess, page 259) seems to be our only escape from a lot of very expensive railroad building. Beyond a doubt, too, we need an entirely new system of railway rate-making which will gradually reduce the advantages of a few points and let industry gradually adjust itself to resources rather than pile up in a few centers that have competitive rates. Here, again, the illness of a contributor caused a gap.

The record of an easily attainable industrial city with no slums and plenty of room and play space should be of interest to the constructive type of mind (see Smith, page 283).

Foreign trade is something that we have seen but dimly through the "home market" haze and seeing it dimly it is perhaps but natural that we should as Mr. Pratt (see page 291) points out, have left many things undone in our quest for it. His call for more efficiency seems well founded. Our new and more serious point of view is shown by the recent establishment of American branch banks in South America (see Kies, page 301). It should not be for a moment forgotten, as pointed out by Mr. Pepper on page 309 and by Mr. Daniels on page 316, that the making of banks does not make capital. It merely fixes channels in which it may flow. A few American loans to South America have apparently been far more effective than mere banks. Mr. Filene's definite suggestion (see page 321) for private coöperative work in promoting foreign trade is worthy the careful perusal of all who have any interest in developing foreign markets.

The American industrial opportunity is the greatest that the world has ever offered to a numerous people. It is in brief to stop wasting resources, material and human, to apply scientific management to our productive efforts and to increase the potentiality of our efforts by better education and through continued promotion of scientific research. Above all we must master the paralysis of industrial depression and banish unemployment from a hungry world. This will give the materials for a large and much needed increase in wages.

J. RUSSELL SMITH.